CORRUPTION AND POVERTY CHALLENGES IN NIGERIA

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ABSTRACT

In today’s Nigeria, democracy notwithstanding, corruption and poverty have continued to grow. In fact according to the corruption perception index of the Transparency International, Nigeria has always been a gold or silver winner in the hierarchy of most corrupt countries. The study adopts the elite theory as a theoretical explanation to understand the link between corruption and poverty in Nigeria. The elite theory of poverty posits that the structure of political power in a society determines the extent and distribution of poverty among the population. It is therefore, argued that the scourge of corruption has left the country straddling two economic worlds at the same time. To state the obvious, the country has found itself in the quagmire of a country too rich to be poor and at the same time too poor to be rich. Thus, this has made it inevitable for every Nigerian to be a victim of corruption. It is therefore recommended that a more rigorous competitive political procedure should be put in place so as to ensure that only the best available persons with transformational vision are elected to high political offices and that institution should not be built around individuals.

Keywords: Corruption, Poverty, Transparency International Corruption Perception Index, and Nigeria

Introduction:

In his widely acclaimed book, “The Trouble with Nigeria” Professor Chinua Achebe in a whole chapter on corruption boldly opined that “anybody who can say that corruption in Nigeria has not become alarming is either a fool, a crook or else does not live in this country” (Achebe, 1984). In today’s Nigeria, democracy notwithstanding, corruption and poverty have continued to grow. In fact according to the corruption perception index of the Transparency International, Nigeria has always been a gold or silver winner in the hierarchy of most corrupt countries. The 1996 study of corruption by Transparency International and Gottingen University ranked Nigeria as the most corrupt nation, among 54 nations listed in the study (cited in Moore, 1997). The 1998 Transparency International Corruption Perception Index (CPI) ranked Nigeria as the fifth most corrupt nation out of 85 countries listed in the rating (The Transparency International Corruption Index, 1998). The 2001 Corruption Perception Index rated Nigeria second most corrupt nation, after Bangladesh, among 91 countries listed (The Transparency International Corruption Index, 2001). The 2002 Corruption Perception Index ranked Nigeria third most corrupt nation out of the 102 countries listed (The Transparency International Index, 2002). Similarly, the 2003 Corruption Perception Index also rated the country as the second most corrupt nation out of 133 countries listed (The transparency International Corruption Index, 2003), but in 2005 she slug it out with Coted’Ivoire, Equatorial Guinea and Haiti, in order to come third. Although the trend improved a little from the 2005 Corruption Perception Index ratings, Nigeria still languishes within the first ten most corrupt nations of the world. The 2014 Corruption Perception Index ranked Nigeria the 136th most corrupt country in the world and the 3rd most corrupt country in West Africa after Guinea and Guinea Bissau.

It is an incontrovertible fact that corruption has been the bane of Nigeria’s development. Thus, without mincing words the phenomenon has ravaged the country and destroyed most of what is held as
cherished national values. Unfortunately, the political class saddled with the responsibility of directing the affairs of the country have been the major culprit in perpetrating this act. Regrettably, since independence a notable surviving legacy of the successive political leadership both civilian and military that have managed the affairs of the country at different times has been the institutionalization of corruption in all agencies of the public service, which, like a deadly virus has subsequently spread to the private sector of the country (Ogbeidi, 2012).

The effects of corruption in Nigeria have not been insignificant. From multi-internal effects such as under-development, lack of basic infrastructure like good road networks, misuse of natural resources, inadequate power and water supply, mediocrity in professional and leadership positions, defective leadership outputs, fuel scarcity in an oil producing nation, falling standards of education and work output, high unemployment rates, the ever-widening effects such as the tarnished image of our country in the international circles and the caution exercised by foreign nationals in entering business transactions with Nigerians thereby weakening the economic sector. The multiplier effects have been the mass spread of poverty and our unenviable position in the list of poor and under-developed countries amidst rich natural resources. Indeed, it is a paradox that Nigeria, the world’s eighth largest exporter of crude oil, a country endowed with many resources, still has more than 70 percent of its population living below the poverty line as a result of corruption and economic mismanagement.

The kernel of the paper rest in the fact that, corruption and poverty are interwoven and it is against this background that this paper examined the effect of corruption on poverty in Nigeria. The paper is divided into five sections. Following the introduction, section 11 covered review of literature, where conceptual framework, theoretical framework and empirical review were extensively discussed, followed by conclusion/recommendations in section 111.

Literature Review:
Conceptual Framework:
The Concept of Corruption:

Etymologically, the word ‘corruption’ comes from the Greek word ‘ corruptus’ meaning an aberration or we may say a misnomer. The United Nations Global Programme against Corruption (GPAC) defines it as ‘abuse of power for private gain’. Transparency International has chosen a clear and focused definition of the term as ‘the abuse of entrusted power for private gain’. It can also be defined as pervasion or change from the general accepted rules or laws for selfish gain.

An objective analysis and application of these definitions to the Nigerian situation clearly reveals that corruption has become almost an acceptable way of life and has indeed found itself into every sphere of our national existence. Indeed, a survey of our homes, offices, corporate organizations, ministries, institutions, organizations, leadership positions, even the commercial and banking sectors as revealed by the stock market crash and the on-going bank investigations all go to show that corruption has become a living and breathing cancer which has unfortunately come to be justified by the average man as “the need to survive.”

Although it is perceived differently from one geographical location to another, the following behaviors indicate or are red flags for corruption: embezzlement, conflict of interests e.g. the award of contracts by public office holders to cronies and personally held companies, bribery, fraud, political corruption e.g. nepotism or favouritism, ethnicity, rigging of elections, misappropriation and conversion of public funds for personal gains, bureaucratic corruption, extortion, manipulation of procurement processes e.g. by over-inflation of contracts, leaking tender information to friends and relations etc., corporate corruption e.g. diversion and misappropriation of funds through manipulation or falsification of financial records.

Government Efforts at Curbing Corruption:

It is noteworthy to list some of the efforts made by both past and present Nigerian Governments to curb corruption. These include:
• The “Corrupt Practices Decree” of 1975 promulgated by the regime of Murtala/Obasanjo.
• War against Indiscipline by Buhari/Idiagbon regime.
• Code of Conduct Bureau of 1990.
• Advance Fee Fraud & Other Related Offences Decree of 1995 by the Abacha regime which was later re-enacted as the Advance Fee Fraud and Other Related Offences Act, 2006 by Chief Olusegun Obasanjo administration.
• Corrupt Practices The Money Laundering Act, 2004
• The Procurement Act, 2007.
• These have come alongside the establishment of Anti-Corruption agencies such as:
  • The Nigerian Extractive Industrial Transparency Initiative (NEIT)
  • The Independent Corrupt Practices and Other Related Offences Commission (ICPC)
  • The Technical Unit on Governance & Anti-Corruption Reforms (TUGAR)
  • The Economic & Financial Crimes Commission (EFCC)
  • Budget monitoring and price intelligence unit (BMPIU) which later transformed into Bureau for Public Procurement.
The Concept of Poverty:

Poverty, according to the Encyclopaedia Britannica (1981), is a lack of means to satisfy a person’s needs for nutrition, housing, clothing, and other essentials of life. These needs may be defined narrowly as those necessary for survival or more broadly as determined by the prevailing standard of living in the community. The World Bank (2000) states that poverty means lack of what is necessary for material well-being especially food, housing, land and other assets. The World Bank (2003) provides a graphic description of poverty thus: poverty is hunger, poverty is lack of shelter, poverty is being sick and not able to see a doctor, and poverty is not being able to go to school and not knowing how to read. Poverty can be defined narrowly as absolute poverty or broadly as relative poverty. Poverty can therefore also be measured in absolute or relative terms (Burkey, 1993). A set standard which is consistent over time across countries is used to measure absolute poverty. The World Bank defines extreme absolute poverty as living on less than US$1 (Purchasing Power Parity-PPP) per day, and moderate absolute poverty as living on less than US$2 a day. In contrast, relative poverty is socially defined and dependent on social context, thus it is a measure of income inequality. Usually relative poverty is measured as the percentage of the population with income less than some fixed proportion of median income. Unlike absolute poverty that measures material deprivation or hardship, relative poverty measures inequality. Our concern in this paper is more with absolute poverty than relative poverty.

It is also reflected in the Organization for Economic Cooperation and Development’s (OECD) conceptualization of multidimensional poverty, defined as interlinked forms of deprivation in the economic, human, political, socio-cultural and protective spheres (OECD, 2006).

The poverty situation in Nigeria is quite disturbing. Both the quantitative and qualitative measurements attest to the growing incidence and depth of poverty in the country (Okumadewa, et al., 2005). This situation however, presents a paradox considering the vast human and physical resources that the country is endowed with. It is even more disturbing that despite the huge human and material resources that have been devoted to poverty reduction by successive governments, no noticeable success has been achieved in this direction. Although, predicted poverty reduction scenarios vary comprehensive greatly depending upon the rate and nature of poverty related policies, actual evidence suggests that the depth and severity of poverty is still at its worst in Nigeria, SSA and South Asia (Okumadewa et al., 2005). Within these regions, poverty is largely a rural phenomenon with an average of between 62 and 75 percent of the population living on less than a dollar a day and also tends to be deeper than urban poverty in these regions (Apata et al., 2010).

Besides, it has become increasingly evident that within the African region the poor are heterogeneous and that some element of dynamics does exist with a clear distinction between chronic and transitory poverty (Barret et al., 2000). Chronic poverty is considered the component of total poverty that is static and transitory poverty component that is attributable to the inter-temporal variability (Jalan and Ravallion, 1996). The isolation of the process underlying chronic and transitory poverty is considered essential in understanding the extent to which each poverty type may obscure the other or even distort the effects of government anti-poverty programmes. A national poverty survey carried out indicates that the high tropic areas have moderate poverty while the northern regions have poverty levels that are as high as 60 percent (NBS, 2009). The average national poverty incidence indicates that this situation has not improved during the last 20 years in a majority of SSA countries.

There is the geographical dimension of poverty in Nigeria. According to Aigbokhan (2000), poverty is higher in the rural areas than in urban areas. In 2004, the urban population with access to water was 67 percent, while it was 31 percent in the rural areas. In terms of sanitation services, 53 percent of the urban population had access to sanitation services and 36 percent in the rural areas. This is worse than the situation in Cameroon, South Africa, Zambia, and Zimbabwe (World Bank, 2008). Given the figures above, the rural dwellers in Nigeria grapple with difficult living conditions compared to the urban dwellers. This explains why there is prevalence of diseases among the rural poor in the country (Segun, 2010). As observed by Garba (2006), the world’s per capita income as of 2003 was $7,140. Comparing this to Nigeria’s per capita income of $290 makes the country one of the poorest in the world. This relegated Nigeria to the ranks of Togo ($270), Rwanda ($220), and Mali ($210). Other indicators of development, such as life expectancy, for which Nigeria is ranked 155th out of the world’s 177 countries, and infant mortality, for which Nigeria is ranked 148th among 173 countries, were consistent with Nigeria’s low rank in income per capita (CIA, 2009). Based on these facts, Nigeria has been classified as a poor nation; a situation which can be described as a bewildering paradox given the vast resource base of the country. According to Earth Trends (2003), 70.2 percent of the Nigerian population lives on less than $1 a day, while 90.8 percent lives on less than $2 a day. The total income earned by the richest 20 percent of the population is 55.7 percent, while the total income earned by the poorest 20 percent is 4.4 percent. This explains the alarming increase in poverty and the sharp inequality between the rich and the poor. Looking at the area with the highest measure of welfare per capita, the leading area in Nigeria, which is Bayelsa with a poverty incidence of 26.2 percent between 1995 and 2006, is still below the leading...
areas in Ghana (Greater Accra-2.4 percent), Cameroon (Douala, Capital of Littoral-10.9 percent) and South Africa (Baoeng-19.0 percent) (World Bank, 2008). In terms of the human development index, Nigeria is ranked 158th of the 159 countries surveyed in 2005 (CIA, 2009) (see table 1). Using selected world development indicators, the life expectancy at birth in 2006 for male and female in Nigeria was 46 and 47 years, respectively. Between 2000 and 2007, 27.2 percent of children under five years of age were malnourished. This is alarming compared to 3.7 percent between the same periods in Brazil, another emerging economy.

Table 1: Human Development Index, 1975 – 2005: Ranked Highest to Lowest in 2005

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<tbody>
<tr>
<td>151</td>
<td>Zimbabwe</td>
<td>0.55</td>
<td>0.579</td>
<td>0.645</td>
<td>0.654</td>
<td>0.613</td>
<td>0.513</td>
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<tr>
<td>152</td>
<td>Togo</td>
<td>0.423</td>
<td>0.473</td>
<td>0.469</td>
<td>0.469</td>
<td>0.514</td>
<td>0.521</td>
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<tr>
<td>153</td>
<td>Yemen</td>
<td></td>
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<td>154</td>
<td>Uganda</td>
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<td>155</td>
<td>Gambia</td>
<td>0.29</td>
<td></td>
<td></td>
<td></td>
<td>0.436</td>
<td>0.472</td>
<td>0.502</td>
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<td>156</td>
<td>Senegal</td>
<td>0.342</td>
<td>0.367</td>
<td>0.401</td>
<td>0.428</td>
<td>0.449</td>
<td>0.473</td>
<td>0.499</td>
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<tr>
<td>157</td>
<td>Eritrea</td>
<td></td>
<td></td>
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<td>0.435</td>
<td>0.459</td>
<td>0.483</td>
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<tr>
<td>158</td>
<td>Nigeria</td>
<td>0.321</td>
<td>0.378</td>
<td>0.391</td>
<td>0.411</td>
<td>0.432</td>
<td>0.445</td>
<td>0.470</td>
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<tr>
<td>159</td>
<td>Tanzania</td>
<td>0.421</td>
<td>0.419</td>
<td>0.433</td>
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Worse still, the mortality rate for children under five years old is given as 191 per 1,000 births in 2006. This situation is very ridiculous compared to the figures of 69 per 1,000 births in South Africa, 108 per 1,000 births in Togo, 120 per 1,000 births in Ghana, and 149 per 1,000 births in Cameroon (World Bank, 2008). This implies that there is a general high level of poverty in Nigeria (Segun, 2010). An analysis of the context reveals that poverty holds sway in the midst of the plenty. Nigeria is the eighth largest oil producing country in the world, but it harbors the largest population of poor people in Sub-Saharan Africa and is ranked 158th on the human development index. There is pervasive high-income inequality, which has perpetuated the concentration of wealth in the hands of a few individuals (Action Aid Nigeria, 2009).

The Nexus of Corruption and Poverty in Nigeria:

With a population of over 140 million people, Nigeria is a country of paradox: abundant resource, abundant poverty. According to the Britain’s Department for International Development (DFID), not less than 70 percent of Nigerian lives on less than one dollar per day. The poverty line is so thick and wide that no one can rightly write about Nigeria without talking about the poverty of her majority.

It is important that one point out that until May 29, 1999, democracy had eluded the country, having been ruled by a number of military dictators for consecutive fifteen years. As a matter of fact, since October 1, 1960, when Nigeria got independence from the Great Britain, she has not had democratic rule for an uninterrupted decade. Hence, part of the reason being advanced by some analyst as to why we are corrupt and poor is that the military midwife and nurtured the twins of poverty and corruption, ostensibly due to their lack of administrative acumen, dearth of democratic virtues and values, and sheer demonstration of autocratic recklessness.

It should be noted that while corruption causes poverty, poverty can also cause corruption. In other words, corruption is a major cause of poverty as well as a barrier to overcoming it. This dual evil of corruption and poverty therefore becomes much more intrinsic and problematic since for one to go the other will have to go. The two scourges feed off each other, locking their populations in a cycle of misery. Corruption not only causes poverty, it also strangulates development. Corruption wastes skills, hampers productivity, inhibits quality and standards of goods and services available to the people, and as well drains economy of its essence and viability. Not only that corruption deters away investors; it causes brain drain, and is no doubt destructive of governmental structures and capacity. Other resultant of corruption in Nigeria are myriad of problems, prominent among which are incessant ethnic conflicts, youth restiveness, guerilla warfare (Boko Haram), random kidnapping, boundary crisis, and stubborn diseases such as tuberculosis, polio, HIV/AIDS, malaria as well as Ebola Virus Disease (EVD).

Theoretical Framework:

The study adopts the elite theory as a theoretical explanation to understand the link between corruption and poverty in Nigeria. The elite theory of poverty posits that the structure of political power in a society determines the extent and distribution of poverty among the population. In this case, the ruling elite, constituted by the few, establishes and legitimizes an exploitative property system, through which it determines the allocation of opportunities, income and wealth, relying on the use of elite power, including the use of oppressive state agents such as the police and armed forces. Poverty is a socio-economic phenomenon whereby the resources available to society are used to satisfy the wants of the few while the many do not have their basic needs. So people are poor because certain political, economic and social structures have been imposed on them to be poor and not that they are lazy or choose to be poor. The essential theme of the elitist theory is that there is in every society a minority of the population which takes the major decisions in the society. As those decisions
have political implications, the elite exercise considerable political influence. The important advocates of this theory are Vilfredo Pareto, Geatano Mosca, Robert Michels, James Burnham, Joseph Schumpeter, Raymond Aron, Giovanni Sartori, and Karl Mannheim (Mahajan, 2008). The elite approach to politics comes in when there is a conscious effort and practice to exercise exclusive decision making as a prerogative of social position or class. Elitism is discriminatory, pre-emptive, and saviours of a divine right to say what politics ought to be, claim the political office and tend to disregard mass opinion and competence. The elite claim and retain power by perpetuation until circumstances eject them from power (Mbah 2006).

In Nigeria, only a negligible clique who finds their ways into positions of authority put policies in place for the people. More so, given that the country was under military rule for a long time, policies were just foisted on the people. As such, the poverty alleviation programmes remain fundamentally defective either in policy conception or their implementation. The consequence is widespread poverty in Nigeria while the negligible cabal amasses the wealth of the country for selfish interest.

**Empirical Review:**

In a cross national analysis of the channels through which corruption adversely affects income distribution and poverty, Gupta et al. (1998) specified an inequality model using Gini coefficient to measure income inequality and several indices of corruption. In their study, they ascertained that increasing income inequality due to corruption reduce economic growth and thereby aggravate poverty. They also found that tax evasion and its exemption in favor of wealthy elites can reduce the tax base and leads to more income inequality as well as diverting benefits from poverty reduction measures due to poor targeting of social programs.

A World Bank study (2000) on whether there “is any apparent link, within Eastern Europe and Central Asia (ECA), between corruption and measures of income inequality” found that lower levels of corruption are statistically correlated with lower levels of income inequality as well as diverting benefits from poverty reduction measures due to poor targeting of social programs.

You and Khagram (2005) believe that income inequality also increase the level of corruption through material and normative mechanisms. Their analysis of 129 countries using 2SLS methods with different instrumental variables supports their hypotheses using different measures of corruption. Because income inequality also contributes to corruption, societies often fall into vicious circles of inequality and corruption. Dincer and Gunalp (2008) analyzed the impact of corruption on income inequality and poverty in the United States using an objective measure of corruption, different measures of inequality and income poverty, time series and cross sectional data. The results show robustly that increasing corruption leads to increases income inequality and poverty.

There is an agreement that inequality also contributes to high levels of corruption. While corruption may lower GDP, poorer countries may not effectively fight corruption due to lack of the resources (Husted, 1999) and (Paldam, 2002). You and Khagram (2005) provide evidence for reverse causality. They argue that the poor are not able to monitor the rich and it enables them to misuse their position.

**Conclusion/Recommendations:**

Indeed, it is difficult to think of any social ill in the country that is not traceable to the embezzlement and misappropriation of public funds, particularly as a direct or indirect consequence of the corruption perpetrated by the callous political leadership class since independence. The cycle of poverty keeps growing with all its attendant consequences even as the rate of unemployment remains perpetually high. By giving mediocrity advantage over intelligence through nepotism and cronyism, intellectual capital, which is the bulwark of development and advancement, has continued to drift abroad in search of greener pasture. Paradoxically, the scourge of corruption has left the country straddling two economic worlds at the same time. To state the obvious, the country has found itself in the quagmire of a country too rich to be poor and at the same time too poor to be rich. Thus, this has made it inevitable for every Nigerian to be a victim of corruption.

A willing nation who is out to surmount the twins of corruption and poverty must and should implement the following recommendations:

**Leadership crisis:** The trouble with Nigeria, as Chinua Achebe rightly observed “is simply and squarely a failure of leadership” (Achebe, 1998). It is hardly debatable that Nigeria’s progress has been undermined by a run of successive non-transformational political leaders. Consequently, ‘much motion and little or no movement’ has been more or less the governance style in the country since independence. The return to democratic governance in 1999 has not fulfilled the hope of Nigerians for good governance. It is instructive that Nigeria’s governance
performance has consistently rated poorly in the Mo Ibrahim Index of African Governance that provides a comprehensive collection of comparative quantitative data for the annual assessment of governance in African countries. Clearly, leadership is the missing link on Nigeria’s path to good governance and improved quality of life for her citizens. This is clearly in support of the opinion expressed by erstwhile National Chairman of an Opposition Party-The Progressive People’s Alliance (PPA) Chief Sam Nkire that: “... it was rather unfortunate that PDP led federal government in the last 13 years was not able to protect lives and property of Nigerians let alone provide employment, housing, steady electricity, good roads and cheap transportation for the people ... it was sad that rather than make the people prosperous, government officials made themselves richer and Nigerians poorer, through bad policies, huge allowances and corruption” (Daily Sun, Tuesday July 17, 2012, p. 8).

Therefore, a more rigorous competitive political procedure should be put in place so as to ensure that only the best available persons with transformational vision are elected to high political offices.

Institutional failure: Institutions which are the custodians of norms and values must be audited and strengthened. Value re-orientation is therefore imperative, since it is values that make institutions. Individuals should not see and act as institution as we are witnessing today in Nigeria. Individuals are important but it is the values of the individuals that determine for the most part, how institutions are run and how stated objectives are achieved. Consequently, leadership must be seen at all levels as a call to service. And has to be inculcated into family training, educational curriculum, religious teachings, and media programmes should be geared towards ensuring a zero-tolerance for corruption and leaders must lead by example, and followers must follow with sincerity.

Massive campaign against corruption: Government must as a matter of priority embark on massive campaign against corruption and its consequences. Such campaign must be simple to understand even by the starkest of the unlettered. Otherwise, elitist approach to issues like corruption will only leave the majority of the people out of the way forward.

Economic Empowerment of the people: Very importantly, avenues for job creation and micro-credit schemes must be aggressively explored, widened, and pursued. Empowering the people will help spell a death knell for corruption and sound a note of readiness for the maximization of Nigeria’s developmental potentials. The situation whereby Nigeria will be importing rice worth $80 billion is a shame, when statistics show that two states, Ekiti and Ebonyi, can produce all what Nigerians can eat, if given less of that amount.

Partnership with International Bodies: Fighting corruption is not an isolated goal. International bodies like the United Nations, African Union, and Economic Community for West African States (ECOWAS), must help countries more prone or vulnerable to corruption fight it. The African Peer Review Mechanism of the New Partnership for Africa’s Development (NEPAD), for instance must help in this direction.

References:


